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ACTION ARA-01

INFO	LOG-00	ACDA-15	AMAD-01	CIAE-00	C-01	DODE-00	HA-09
	H-01	INRE-00	INR-01	L-03	ADS-00	NSAE-00	NSCE-00
	OMB-01	PA-01	PM-01	PRS-01	P-01	SNP-01	SP-01
	SSO-00	SS-01	TRSE-00	T-01	USIE-00	/041W	

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC IMMEDIATE 8720

INFO USCINCSO QUARRY HTS PM

AMEMBASSY BOGOTA

C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 02241

E.O. 12356: DECL:OADR

TAGS: PGOV, PINR, VE

SUBJECT: CAP'S ADDRESS TO THE NATION, FEBRUARY 26

1. (C) SUMMARY. CAP USED THE OCCASION OF THE SWEARING-IN OF THE NEW CONSULTATIVE COUNCIL ON FEBRUARY 26, ONE DAY BEFORE THE THIRD ANNIVERSARY OF THE RIOTS OF FEBRUARY, 1989, TO ADDRESS THE NATION. ACKNOWLEDGING THE COMMISSION OF MANY ERRORS, CAP NONETHELESS DEFENDED DEMOCRACY AS THE BEST FORM OF GOVERNMENT AND THE POLITICAL PARTIES AS ESSENTIAL TO ITS PROPER FUNCTIONING. CAP SAID THAT THE COUP PLOTTERS WOULD GET PROPER TREATMENT UNDER THE LAW, DENOUNCED CORRUPTION, CALLED ON CONGRESS IMMEDIATELY TO PASS A NUMBER OF PIECES OF LEGISLATION,

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INCLUDING AMENDMENT OF THE LAW ON VOTING TO PROVIDE FOR UNINOMINAL ELECTION TO ALL PUBLIC OFFICES, AND ANNOUNCED A NUMBER OF MEASURES OF IMMEDIATE BENEFIT TO THE CITIZENRY, ADDING THAT HIS MINISTERS WOULD PROVIDE DETAILS IN THE VERY NEAR FUTURE. OCCURRING ONE DAY AFTER THE ANNOUNCEMENT OF CABINET CHANGES, THE PUBLIC PRESENTATION OF THE NEW COUNCIL, AND CAP'S ADDRESS, ARE INTENDED TO DEMONSTRATE HIS CONCERN OVER THE PRESENT STATE OF AFFAIRS AND HIS INTENTION HENCEFORTH TO DO BETTER. END SUMMARY.

THE CONSULTATIVE COUNCIL

UNITED STATES DEPARTMENT OF STATE

REVIEW AUTHORITY: OSCAR J OLSON

CLASSIFICATION: UNCLASSIFIED

DATE/CASE ID: 08 AUG 2006 200503206

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2. (U) CAP PUBLICLY SWORE IN THE NEW CONSULTATIVE COUNCIL TO THE PRESIDENCY, HEADED BY RESPECTED SENATOR RAMON J. VELASQUEZ, ON FEBRUARY 26. (VELASQUEZ HAS FIGURED PROMINENTLY IN RECENT RUMORS AS A FAVORITE CANDIDATE TO REPLACE DAVID MORALES BELLO AS PROSPECTIVE PRESIDENT OF CONGRESS AND FIRST IN LINE OF SUCCESSION. VELASQUEZ' SELECTION AS PRESIDENT OF THE COUNCIL SUGGESTS THAT HE WILL NOT BE OFFERED THE PRESIDENCY OF CONGRESS.) THE OTHER SEVEN MEMBERS ARE PEDRO PABLO AGUILAR, RUTH DE KRIVOY, DOMINGO FELIPE MAZA ZAVALA, JOSE MELICH ORSINI, PEDRO PALMA, PEDRO RINCON GUTIERREZ AND JULIO SOSA RODRIGUEZ. THE PURPOSE OF THIS ADVISORY BODY, AS STATED IN PRESIDENTIAL DECREE 2107 CREATING IT, IS TO ADVISE THE PRESIDENT ON THE COUNTRY'S POLITICAL, ECONOMIC, SOCIAL AND INSTITUTIONAL SITUATION, TO EVALUATE THE EXECUTION OF GOVERNMENTAL POLICY, TO HELP PREVENT CRIMES AGAINST THE PUBLIC PATRIMONY AND TO RESPOND TO PARTICULAR PRESIDENTIAL REQUESTS FOR ASSISTANCE.

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THE COUNCIL'S STATEMENT

3. (U) FOLLOWING THE SWEARING-IN OF THE CONSULTATIVE COUNCIL, RAMON J. VELASQUEZ READ A STATEMENT ON BEHALF OF ITS ENTIRE MEMBERSHIP. IN THIS DOCUMENT, THE COUNCIL CALLED FOR IMMEDIATE MEASURES TO "IMPROVE THE SOCIAL-ECONOMIC SITUATION OF LARGE SECTORS OF THE POPULATION," EXPRESSED THEIR HOPE THAT THEIR OPINIONS WOULD RECEIVE THE AUDIENCE THEY DESERVED GIVEN THEIR "PATRIOTIC RECTITUDE," PROMISED TO MAINTAIN AN "INDEPENDENT" PERSPECTIVE AND OPINED THAT THE COUNCIL SHOULD HAVE TEMPORARY STATUS.

CAP'S ADDRESS

4. (U) IN HIS TELEVISED ADDRESS TO THE NATION FOLLOWING THE SWEARING-IN OF THE COUNCIL AND REMARKS BY VELASQUEZ, CAP:

-- STRONGLY DEFENDED DEMOCRACY AS THE BEST SYSTEM OF GOVERNMENT, AND POLITICAL PARTIES AS ESSENTIAL TO ITS PROPER FUNCTIONING. CAP, CITING THE REPRESSION OF THE PEREZ JIMENEZ DICTATORSHIP, ARGUED THAT IT WAS UNTHINKABLE THAT ANYONE WOULD SERIOUSLY CONSIDER ANY ALTERNATIVE TO

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DEMOCRACY.

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-- EMPHASIZED THAT THE COUP PLOTTERS WOULD GET PROPER TREATMENT UNDER THE LAW -- "NO MEASURE MORE (THAN THE LAW ALLOWS)...BUT NO MEASURE LESS" (THAN IS DUE TO THEM FOR THEIR ACTIONS).

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-- CONDEMNED CORRUPTION, IN THE PROCESS CITING THE WAYS IN WHICH HIS GOVERNMENT HAD ACTUALLY REDUCED ITS SCOPE ON THE NATIONAL LEVEL, E.G., THE ENDING OF PREFERENTIAL EXCHANGE RATES (RECAIDI SCANDAL), TRANSPARENT BIDDING FOR PUBLIC CONTRACTS, AND AN ABSOLUTELY ABOVE-BOARD PROCEDURE FOR THE PRIVATIZATION OF PUBLIC ENTITIES (INCLUDING CANTV).

-- CALLED FOR THE POLITICAL PARTIES' IMMEDIATE COMPLIANCE WITH PROVISIONS OF THE "PACT OF REFORM" (WHICH REPRESENTATIVES OF THE PARTIES SIGNED IN A SOLEMN PUBLIC CEREMONY IN MIRAFLORES PALACE IN DECEMBER, 1990) THROUGH ACTION IN CONGRESS TO AMEND THE LAWS ON VOTING (TO PROVIDE

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C O N F I D E N T I A L SECTION 02 OF 02 CARACAS 02241

E.O. 12356: DECL:OADR
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SUBJECT: CAP'S ADDRESS TO THE NATION, FEBRUARY 26

FOR UNINOMINAL ELECTION OF CITY COUNCIL MEMBERS; THE EQUIVALENT LAW FOR CONGRESSMEN HAS ALREADY BEEN REFORMED, EFFECTIVE 1993), ON POLITICAL PARTIES AND ON THE SUPREME COURT, AND TO PASS LAWS ON PUBLIC ACCOUNTING, THE PUBLIC MINISTRY AND SOCIAL SECURITY. COMMENT: IT IS NOT CLEAR WHETHER CAP ENDORSED 100 PERCENT UNINOMINAL ELECTIONS, OR A PARTIAL CHANGE (TO 2/3 UNINOMINAL, 1/3 PROPORTIONATE) AS HAS BEEN DISCUSSED AMONG THE PARTIES; PROBABLY, THE LATTER.

-- ANNOUNCED HE WOULD NOT ABANDON HIS ECONOMIC POLICY BUT
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WOULD INTRODUCE SUCH "CORRECTIVE MEASURES" AS AN EXPANDED DAY-CARE PROGRAM FOR WORKERS' CHILDREN, IMPROVEMENT OF PUBLIC TRANSPORT THROUGH THE PROVISION OF FUNDS FOR THE PURCHASE OF BUSES AND TAXIS, AN "AGGRESSIVE" PROGRAM OF GENERIC MEDICINE, SPECIAL BENEFITS FOR PREGNANT WOMEN AND CHILDREN UNDER SIX YEARS IN AGE, INCLUSION OF THE MIDDLE CLASS IN THE NATIONAL CONSTRUCTION PLAN (HOUSING) AND "MASSIVE" ATTENTION TO THE WATER SUPPLY SERVICE. CAP ALSO PROMISED CHEAPER CREDIT, A FREEZE ON INCREASES IN THE COST OF ELECTRICITY, ACTION TO REDUCE AND CONTROL PRICE INCREASES IN GENERAL AND TO END SPECULATION AND ASSISTANCE TO EFFORTS TO FORM POPULAR COOPERATIVES. HE ADDED THAT HIS MINISTERS WOULD PROVIDE DETAILS IN THE VERY NEAR FUTURE. (COMMENT: IT APPEARS THAT MANY OF THESE OSTENSIBLY "NEW" INITIATIVES WERE ALREADY IN EXISTENCE BEFORE THE COUP ATTEMPT.)

-- PLEDGED THAT THE GOVERNMENT WOULD SERVE THE PUBLIC AND IMPROVE ITS COMMUNICATION WITH THE NATION.

COMMENT

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5. (C) IN THE LAST SEVERAL DAYS, CAP HAS MADE CABINET CHANGES, CREATED A CONSULTATIVE COUNCIL, AND ADDRESSED THE NATION. NOT COINCIDENTALLY, THESE RESPONSES TO THE POLITICAL CRISIS UNLEASHED BY THE COUP ATTEMPT OCCURRED ON THE EVE OF THE FEBRUARY 27 ANNIVERSARY OF THE 1989 RIOTS. HE IS AT LEAST POSITIONING HIMSELF AS RESPONSIVE TO PUBLIC CONCERNs AND AS TRYING TO BROADEN HIS POLITICAL BASE. CAP TOOK A USEFUL STEP FORWARD IN COMMUNICATING WITH THE NATION, BY EXPLAINING TO THE COUNTRY HOW HIS GOVERNMENT'S

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MEASURES HAD ACTUALLY REDUCED POSSIBILITIES FOR CORRUPTION ON THE LEVEL OF THE NATIONAL GOVERNMENT. HIS "CORRECTIVE MEASURES" APPEAR LARGEly TO BE EITHER COSMETIC OR THOSE ALREADY IN THE PIPELINE. SOME OF THEM ON THEIR FACE APPEAR TO SUGGEST POPULISM AND A PARTIAL RETREAT FROM CONTINUED IMPLEMENTATION OF THE ECONOMIC REFORM PROGRAM. FOR INSTANCE, WE HAVE ALREADY HEARD RUMBLINGS OF DISCONTENT FROM UMBRELLA BUSINESS ORGANIZATION FEDECAMARAS OVER THE PROPOSED FREEZE ON PRICE INCREASES FOR ELECTRICITY. PRESSURE TO BACKPEDAL REMAINS INTENSE, BUT WE SEE NO REASON AS YET TO BELIEVE THAT CAP HAS REALLY MOVED ON THE FUNDAMENTALS OF ECONOMIC REFORM POLICIES: ESPECIALLY GIVEN HIS RECONFIRMATION (EARLIER THIS SAME WEEK) OF A STRONGLY FREE-MARKET ECONOMIC CABINET.

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